InPlay Oil Corp. Announces 2024 Capital Budget

January 29, 2024 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") is pleased to announce that its Board of Directors have approved a capital program of $64 – $67 million for 2024.

2024 Capital Program Highlights

InPlay's 2024 exploration and development capital program of $64 – $67 million is forecast to deliver the following[5]:

- Annual average production of 9,000 – 9,500 boe/d (59% – 61% light crude oil and NGLs);
- Drilling program focused on high return oil weighted locations driving annual oil production growth at the midpoint of guidance of 7% over 2023;
- Operating income profit margin[2] of approximately 59%;
- Reduction in capital spending of 20% – 25% compared to 2023 including reduced facilities and infrastructure spending by over 50% providing strong capital efficiencies;
- Adjusted Funds Flow ("AFF")[4] of $89 – $96 million;
- Free Adjusted Funds Flow ("FAFF")[2] of $22 – $32 million;
- Net debt[4] of $37 – $44 million with a net debt to EBITDA ratio[2] of 0.4 – 0.5 times which is among the lower leverage ratios amongst our peers;
- Base dividend of $16 – $17 million at the current monthly dividend rate of $0.015/share ($0.18/share annualized) which represents approximately an 8% yield at the current share price; and
- Significant unutilized financial liquidity which can be used to pursue potential tactical capital investments.

The table below highlights our 2024 guidance:

	2024[5]
WTI (US$/bbl)	75.00
Production (boe/d) [1]	9,000 – 9,500
Capital ($ millions)	64 – 67
Net wells	14.0 – 15.0
AFF ($ millions) [4]	89 – 96
FAFF ($ millions) [2]	22 – 32
Net Debt at Year-end ($ millions) [4]	(44) – (37)
Annual Net Debt / EBITDA [2]	0.4 – 0.5
Dividend ($ millions)	16 – 17

- The amounts above do not include potential future purchases through the Company's normal course issuer bid ("NCIB").

With continued commodity price volatility, specifically weak natural gas fundamentals, and current low investor sentiment, InPlay has taken a measured and disciplined approach to capital allocation for 2024, seeking to maximize capital efficiencies, AFF[2], and FAFF[2] supporting strong returns to shareholders with a priority on maintaining our pristine balance sheet. Despite a 20% to 25% reduction in capital spending year over year, InPlay is forecasting to deliver approximately 7% growth in our oil volumes as we focus on higher oil weighted assets that deliver greater returns. The capital program is designed to responsibly manage the pace of development, maintain flexibility and remain focused on delivering return of capital to shareholders.

Given the higher rate of return of InPlay's oil weighted properties, the Company plans to direct its 2024 capital budget towards oil weighted drilling in the Cardium and Belly River. Plans are to drill approximately 11 - 12 net Extended Reach Horizontal ("ERH") Cardium wells in Willesden Green and Pembina. Also, 3.0 net wells are planned in the Belly River taking advantage of the very high oil weighting of approximately 90%. These Belly River wells exhibit increasing oil rates over the first three quarters of production and a low decline rate thereafter. Our two most recent horizontal wells drilled in the Belly River, which came online in November 2022, have delivered operating netbacks of approximately $71.25/boe since being brought on production. Our higher oil weighted locations are characterized by strong light oil rates with lower total boe/d rate relative to wells with higher natural gas weightings. The Company's 2024 drilling program plans on drilling fewer wells in 2024 compared to 2023, as a result of our cautious, disciplined capital approach for the year and is structured to take advantage of improving differentials starting in the second quarter of 2024 and throughout the balance of the year. Facility capital in 2024 is forecasted to be approximately $6.4 million less than 2023 due to the reduced drilling program and significant capital spent on two major natural gas plant upgrades completed in 2023.

InPlay's first quarter of 2024 drilling program consists of five (4.9 net) ERH Cardium wells and three (0.7 net) non-operated ERH Cardium wells. Drilling has started on a two well (1.9 net) pad in Willesden Green which is expected to come on production in February. Capital activity will then move to Pembina to drill three (3.0 net) Cardium ERH wells. These wells will offset our five successful wells drilled in 2023 characterized by low decline rates and high light oil and liquids weighting with average initial production ("IP") rates of 257 boe/d (89% light crude oil and liquids), 265 boe/d (86% light crude oil and liquids) and 239 boe/d (82% light crude oil and liquids) over their first 30, 60 and 180 days respectively.

InPlay made significant investments in 2023 to increase operated natural gas takeaway capacity for future growth in Willesden Green and to mitigate potential production issues arising from third party outage and capacity constraints. These projects have already shown their value by reducing back pressure on wells, lowering declines and providing more consistent runtimes while improving our liquids weighting with a higher natural gas liquids recovery. To further enhance our natural gas takeaway capabilities, InPlay has entered into a long term Gas Handling Agreement with an industry partner guaranteeing access to natural gas takeaway and processing capacity in the Company's Pembina area where we were initially curtailed by approximately 6 mmcfd and associated oil and liquids starting on February 15, 2023 with the gradual reduction in curtailments and the full resumption of production in September 2023. This contract will allow InPlay to restart with certainty of capacity the development of this prolific and strong rate of return growth area where drilling activity has not occurred since the spring of 2022. InPlay plans on drilling a three (3.0 net) ERH Cardium well pad in this area in the third quarter of 2024. The Company projects fewer operated and non-operated turnarounds and other infrastructure issues during 2024 after an unprecedented high level of disruptions in 2023.

To mitigate risk and add stability during periods of market volatility, commodity hedges have been secured through 2024 and into 2025 as summarized below.

	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25
Natural Gas AECO Swap (mcf/d)	-	1,900	1,900	640	-
Hedged price ($AECO/mcf)	-	2.00	2.00	2.00	-
Natural Gas AECO Costless Collar (mcf/d)	4,870	3,790	3,790	5,050	3,790
Hedged price ($AECO/mcf)	2.48 - 3.82	2.08 - 2.77	2.08 - 2.77	2.27 - 3.04	2.48 - 3.46
Crude Oil Costless Collar (bbl/d)	-	1,000	-	-	-
Hedged price ($USD WTI/bbl)	-	72.00 - 80.25	-	-	-
Crude Oil Costless Collar (bbl/d)	330	-	-	-	-
Hedged price ($CAD WTI/bbl)	95.00 - 110.00	-	-	-	-
Crude Oil WTI Three-way Collar (bbl/d) (7)	-	-	1,000	1,000	-
Low sold put price ($USD WTI/bbl)	-	-	64.00	64.00	-
Mid bought put price ($USD WTI/bbl)	-	-	74.00	74.00	-
High sold call price ($USD WTI/bbl)	-	-	82.48	82.48	-

InPlay will continue to prudently allocate capital resources and adjust its capital plans in consideration of commodity prices, inflationary cost pressures and other aspects impacting our business. Should commodity prices improve and stabilize, InPlay will remain disciplined and flexible and can quickly adjust capital activity to respond to changing market conditions.

2023 Update

InPlay's fourth quarter capital program consisted of drilling two (1.6 net) ERH wells in Willesden Green that were brought on production in November. Also, the company drilled its first (1.0 net) multilateral Belly River horizontal well which was brought on production in December. The well has been on production for approximately one month and is still in its initial stages of cleanup and early production results are meeting our internal expectations with oil cuts increasing, consistent with offsetting wells.

The increase in North American natural gas production coupled with a warm start to winter has natural gas storage inventories at very high levels resulting in weaker than expected natural gas prices during the fourth quarter that continued into 2024. Crude oil differentials began to weaken in November and widened throughout the quarter which impacted realized oil pricing during this period. Higher differentials are extending into the first quarter of 2024 but forward indices show them improving and narrowing starting in the second quarter of 2024 and throughout the remainder of the year.

Annual average production for 2023 is forecast to be approximately 9,050 boe/d(1) (58% light crude oil & NGLs) which was impacted by approximately 650 boe/d over the year due to extraordinary curtailments experienced from third party capacity constraints and turnarounds, Alberta wildfires, and from delays in starting up our natural gas facility in the third quarter as discussed in our prior press releases.

The table below highlights our updated forecasted 2023 guidance:

	2023(3)
WTI (US$/bbl)	77.61
Production (boe/d) (1)	9,000 – 9,100
Capital ($ millions)	84.5
Net wells	17.1
AFF ($ millions) (4)	91 – 93
FAFF ($ millions) (2)	6 – 8
Net Debt at Year-end ($ millions) (4)	(45) – (47)
Dividend ($ millions)	16

- See Reader Advisories for previous guidance and underlying assumptions.

As commented on above, continued commodity price volatility and current weak industry sentiment has resulted in the Company taking a conservative, disciplined approach to capital allocation in 2024. Preliminary estimates and plans for 2025 and beyond will be dependent on the stability of commodity prices and industry sentiment balancing manageable growth and ensuring the long term sustainability of our return of capital to shareholder strategy. As a result, the Company withdraws its preliminary estimates and plans for 2025.

We look forward to the profitable development of our high rate of return asset base and continuing to provide strong returns to shareholders through 2024 and beyond. On behalf of our employees, management team and Board of Directors, we would like to thank our shareholders for their support.

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Notes:

1. *See "Reader Advisories - Production Breakdown by Product Type"*
2. *Non-GAAP financial measure or ratio that does not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and therefore may not be comparable with the calculations of similar measures for other companies. Please refer to "Non-GAAP and Other Financial Measures" contained within this press release.*
3. *Based on estimated, unaudited year-end 2023 results. See "Reader Advisories – Forward Looking Information and Statements" for underlying assumptions related to our estimated, unaudited year-end 2023 results.*
4. *Capital management measure. See "Non-GAAP and Other Financial Measures" contained within this press release.*
5. *See "Reader Advisories – Forward Looking Information and Statements" for key budget and underlying assumptions related to our 2024 capital program and associated guidance.*
6. *Supplementary financial measure. See "Non-GAAP and Other Financial Measures" contained within this press release.*
7. *The WTI three-way collars are a combination high priced sold call, low priced sold put and a mid-priced bought put. The high sold call price is the maximum price the Company will receive for the contract volumes. The mid bought put price is the minimum price InPlay will receive, unless the market price falls below the low sold put strike price, in which case InPlay receives market price plus the difference between the mid bought put price minus the low sold put price.*

Reader Advisories

Non-GAAP and Other Financial Measures

Throughout this press release and other materials disclosed by the Company, InPlay uses certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under GAAP and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered alternatives to, or more meaningful than, financial measures that are determined in accordance with GAAP as indicators of the Company performance. Management believes that the presentation of these non-GAAP and other financial measures provides useful information to shareholders and investors in understanding and evaluating the Company's ongoing operating performance, and the measures provide increased transparency and the ability to better analyze InPlay's business performance against prior periods on a comparable basis.

Non-GAAP Financial Measures and Ratios

Included in this document are references to the terms "free adjusted funds flow", "operating income", "operating netback per boe", "operating income profit margin", "Net Debt to EBITDA", "Production per debt adjusted share" and "EV / DAAFF". Management believes these measures and ratios are helpful supplementary measures of financial and operating performance and provide users with similar, but potentially not comparable, information that is commonly used by other oil and natural gas companies. These terms do not have any standardized meaning prescribed by GAAP and should not be considered an alternative to, or more meaningful than "profit (loss) before taxes", "profit (loss) and comprehensive income (loss)", "adjusted funds flow", "capital expenditures", "corporate acquisitions, net of cash acquired", "net debt", "weighted average number of common shares (basic)" or assets and liabilities as determined in accordance with GAAP as a measure of the Company's performance and financial position.

Free Adjusted Funds Flow

Management considers FAFF an important measure to identify the Company's ability to improve its financial condition through debt repayment and its ability to provide returns to shareholders. FAFF should not be considered as an alternative to or more meaningful than AFF as determined in accordance with GAAP as an indicator of the Company's performance. FAFF is calculated by the Company as AFF less exploration and development capital expenditures and property dispositions (acquisitions) and is a measure of the cashflow remaining after capital expenditures before corporate acquisitions that can be used for additional capital activity, corporate acquisitions, repayment of debt or decommissioning expenditures or potentially return of capital to shareholders. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast FAFF.

Operating Income/Operating Netback per boe/Operating Income Profit Margin

InPlay uses "operating income", "operating netback per boe" and "operating income profit margin" as key performance indicators. Operating income is calculated by the Company as oil and natural gas sales less royalties, operating expenses and transportation expenses and is a measure of the profitability of operations before administrative, share-based compensation, financing and other non-cash items. Management considers operating income an important measure to evaluate its operational performance as it demonstrates its field level profitability. Operating income should not be considered as an alternative to or more meaningful than net income as determined in accordance with GAAP as an indicator of the Company's performance. Operating netback per boe is calculated by the Company as operating income divided by average production for the respective period. Management considers operating netback per boe an important measure to evaluate its operational performance as it demonstrates its field level profitability per unit of production. Operating income profit margin is calculated by the Company as operating income as a percentage of oil and natural gas sales. Management considers operating income profit margin an important measure to evaluate its operational performance as it demonstrates how efficiently the Company generates field level profits from its sales revenue. Refer to the "Forward Looking Information and Statements" section for a calculation of operating income, operating netback per boe and operating income profit margin.

Net Debt to EBITDA

Management considers Net Debt to EBITDA an important measure as it is a key metric to identify the Company's ability to fund financing expenses, net debt reductions and other obligations. EBITDA is calculated by the Company as adjusted funds flow before interest expense. When this measure is presented quarterly, EBITDA is annualized by multiplying by four. When this measure is presented on a trailing twelve month basis, EBITDA for the twelve months preceding the net debt date is used in the calculation. This measure is consistent with the EBITDA formula prescribed under the Company's Senior Credit Facility. Net Debt to EBITDA is calculated as Net Debt divided by EBITDA. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast Net Debt to EBITDA.

Production per Debt Adjusted Share

InPlay uses "Production per debt adjusted share" as a key performance indicator. Debt adjusted shares should not be considered as an alternative to or more meaningful than common shares as determined in accordance with GAAP as an indicator of the Company's performance. Debt adjusted shares is a non-GAAP measure used in the calculation of Production per debt adjusted share and is calculated by the Company as common shares outstanding plus the change in net debt divided by the Company's current trading price on the TSX, converting net debt to equity. Debt adjusted shares should not be considered as an alternative to or more meaningful than weighted average number of common shares (basic) as determined in accordance with GAAP as an indicator of the Company's performance. Management considers Debt adjusted share to be a key performance indicator as it adjusts for the effects of capital structure in relation to the Company's peers. Production per debt adjusted share is calculated by the Company as production divided by debt adjusted shares. Management considers Production per debt adjusted share is a key performance indicator as it adjusts for the effects of changes in annual production in relation to the Company's capital structure. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast Production per debt adjusted share.

EV / DAAFF

InPlay uses "enterprise value to debt adjusted AFF" or "EV/DAAFF" as a key performance indicator. EV/DAAFF is calculated by the Company as enterprise value divided by debt adjusted AFF for the relevant period. Debt adjusted AFF ("DAAFF") is calculated by the Company as adjusted funds flow plus financing costs. Enterprise value is a capital management measure that is used in the calculation of EV/DAAFF. Enterprise value is calculated as the Company's market capitalization plus net debt. Management considers enterprise value a key performance indicator as it identifies the total capital structure of the Company. Management considers EV/DAAFF a key performance indicator as it is a key metric used to evaluate the sustainability of the Company relative to other companies while incorporating the impact of differing capital structures. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast EV/DAAFF.

Capital Management Measures

Adjusted Funds Flow

Management considers adjusted funds flow to be an important measure of InPlay's ability to generate the funds necessary to finance capital expenditures. Adjusted funds flow is a GAAP measure and is disclosed in the notes to the Company's financial statements for the year ending December 31, 2022 and the most recently filed quarterly financial statements. All references to adjusted funds flow throughout this document are calculated as funds flow adjusting for decommissioning expenditures and transaction and integration costs. Decommissioning expenditures are adjusted from funds flow as they are incurred on a discretionary and irregular basis and are primarily incurred on previous operating assets. Transaction costs are non-recurring costs for the purposes of an acquisition, making the exclusion of these items relevant in Management's view to the reader in the evaluation of InPlay's operating performance. The Company also presents adjusted funds flow per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of profit per common share.

Net Debt

Net debt is a GAAP measure and is disclosed in the notes to the Company's financial statements for the year ending December 31, 2022 and the most recently filed quarterly financial statements. The Company closely monitors its capital structure with the goal of maintaining a strong balance sheet to fund the future growth of the Company. The Company monitors net debt as part of its capital structure. The Company uses net debt (bank debt plus accounts payable and accrued liabilities less accounts receivables and accrued receivables, prepaid expenses and deposits and inventory) as an alternative measure of outstanding debt. Management considers net debt an important measure to assist in assessing the liquidity of the Company.

Supplementary Measures

"**Average realized crude oil price**" is comprised of crude oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's crude oil production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"**Average realized NGL price**" is comprised of NGL commodity sales from production, as determined in accordance with IFRS, divided by the Company's NGL production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"**Average realized natural gas price**" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"**Average realized commodity price**" is comprised of commodity sales from production, as determined in accordance with IFRS, divided by the Company's production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"**Adjusted funds flow per weighted average basic share**" is comprised of adjusted funds flow divided by the basic weighted average common shares.

"**Adjusted funds flow per weighted average diluted share**" is comprised of adjusted funds flow divided by the diluted weighted average common shares.

"**Adjusted funds flow per boe**" is comprised of adjusted funds flow divided by total production.

Preliminary Financial Information

The Company's expectations set forth in the updated forecasted 2023 guidance are based on, among other things, the Company's anticipated financial results for the three and twelve month periods ended December 31, 2023. The Company's anticipated financial results are unaudited and preliminary estimates that: (i) represent the most current information available to management as of the date of hereof; (ii) are subject to completion of audit procedures that could result in significant changes to the estimated amounts; and (iii) do not present all information necessary for an understanding of the Company's financial condition as of, and the Company's results of operations for, such periods. The anticipated financial results are subject to the same limitations and risks as discussed under "Forward Looking Information and Statements" below. Accordingly, the Company's anticipated financial results for such periods may change upon the completion and approval of the financial statements for such periods and the changes could be material.

Forward-Looking Information and Statements

This news release contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends", "forecast" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the Company's business strategy, milestones and objectives; all estimates and guidance related to the year ended 2023 results; the Company's planned 2024 capital program including wells to be drilled and completed and the timing of the same; 2024 guidance based on the planned capital program and all associated underlying assumptions set forth in this press release including, without limitation, forecasts of 2024 annual average production levels, adjusted funds flow, free adjusted funds flow, Net Debt/EBITDA ratio, operating income profit margin, and Management's belief that the Company can grow some or all of these attributes and specified measures; light crude oil and NGLs weighting estimates; expectations regarding future commodity prices; future oil and natural gas prices; future liquidity and financial capacity; future results from operations and operating metrics; future costs, expenses and royalty rates; future interest costs; the exchange rate between the $US and $Cdn; future development, exploration, acquisition, development and infrastructure activities and related capital expenditures, including our planned 2024 capital program; the amount and timing of capital projects;; and methods of funding our capital program.

The internal projections, expectations, or beliefs underlying our Board approved 2024 capital budget and associated guidance are subject to change in light of, among other factors, the impact of world events including the Russia/Ukraine conflict and war in the Middle East, ongoing results, prevailing economic circumstances, volatile commodity prices, and changes in industry conditions and regulations. InPlay's 2024 financial outlook and guidance provides shareholders with relevant information on management's expectations for results of operations, excluding any potential acquisitions or dispositions, for such time periods based upon the key assumptions outlined herein. Readers are cautioned that events or circumstances could cause capital plans and associated results to differ materially from those predicted and InPlay's guidance for 2024 may not be appropriate for other purposes. Accordingly, undue reliance should not be placed on same.

Without limitation of the foregoing, readers are cautioned that the Company's future dividend payments to shareholders of the Company, if any, and the level thereof will be subject to the discretion of the Board of Directors of InPlay. The Company's dividend policy and funds available for the payment of dividends, if any, from time to time, is dependent upon, among other things, levels of FAFF, leverage ratios, financial requirements for the Company's operations and execution of its growth strategy, fluctuations in commodity prices and working capital, the timing and amount of capital expenditures, credit facility availability and limitations on distributions existing thereunder, and other factors beyond the Company's control. Further, the ability of the Company to pay dividends will be subject to applicable laws, including satisfaction of solvency tests under the *Business Corporations Act* (Alberta), and satisfaction of certain applicable contractual restrictions contained in the agreements governing the Company's outstanding indebtedness.

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of InPlay which have been used to develop such statements and information but which may prove to be incorrect. Although InPlay believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because InPlay can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which InPlay operates; the timely receipt of any required regulatory approvals; the ability of InPlay to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which InPlay has an interest in to operate the field in a safe, efficient and effective manner; the ability of InPlay to obtain debt financing on acceptable terms; the anticipated tax treatment of the monthly base dividend; the timing and amount of purchases under the Company's NCIB; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and the ability of InPlay to secure adequate product transportation; future commodity prices; that various conditions to a shareholder return strategy can be satisfied; the ongoing impact of the Russia/Ukraine conflict and war in the Middle East; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which InPlay operates; and the ability of InPlay to successfully market its oil and natural gas products.

The forward-looking information and statements included herein are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: the continuing impact of the Russia/Ukraine conflict and war in the Middle East; inflation and the risk of a global recession; changes in our planned 2023 capital program; changes in our approach to shareholder returns; changes in commodity prices and other assumptions outlined herein; the risk that dividend payments may be reduced, suspended or cancelled; the potential for variation in the quality of the reservoirs in which we operate; changes in the demand for or supply of our products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans or strategies of InPlay or by third party operators of our properties; changes in our credit structure, increased debt levels or debt service requirements; inaccurate estimation of our light crude oil and natural gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in InPlay's continuous disclosure documents filed on SEDAR including our Annual Information Form and our MD&A.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about InPlay's financial and leverage targets and objectives, potential dividends, share buybacks and beliefs underlying our Board approved 2024 capital budget and associated guidance, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The actual results of operations of InPlay and the resulting financial results will likely vary from the amounts set forth in this press release and such variation may be material. InPlay and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's reasonable estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, InPlay undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about InPlay's anticipated future business operations and strategy. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

The forward-looking information and statements contained in this news release speak only as of the date hereof and InPlay does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Risk Factors to FLI

Risk factors that could materially impact successful execution and actual results of the Company's 2023 and 2024 capital program and associated guidance and estimates include:

- volatility of petroleum and natural gas prices and inherent difficulty in the accuracy of predictions related thereto;
- the extent of any unfavourable impacts of wildfires in the province of Alberta.
- changes in Federal and Provincial regulations;
- the Company's ability to secure financing for the Board approved 2024 capital program and longer-term capital plans sourced from AFF, bank or other debt instruments, asset sales, equity issuance, infrastructure financing or some combination thereof; and
- those additional risk factors set forth in the Company's MD&A and most recent Annual Information Form filed on SEDAR

Key Budget and Underlying Material Assumptions to FLI

The key budget and underlying material assumptions used by the Company in the development of its current and previous 2023 guidance and 2024 guidance are as follows:

		Actuals FY 2022	Updated Guidance FY 2023(7)	Previous Guidance FY 2023(1)	Guidance FY 2024	Preliminary Plan FY 2024(3)
WTI	US$/bbl	$94.23	$77.61	$77.15	75.00	$75.00
NGL Price	$/boe	$50.14	$36.60	$38.40	$36.85	$43.00
AECO	$/GJ	$5.04	$2.83	$2.80	$2.35	$4.50
Foreign Exchange Rate	CDN$/US$	0.77	0.74	0.75	0.74	0.73
MSW Differential	US$/bbl	$1.82	$3.25	$2.75	$4.45	$3.00
Production	Boe/d	9,105	9,000 – 9,100	9,100 – 9,500	9,000 – 9,500	10,250 – 11,250
Revenue	$/boe	71.79	54.00 – 55.00	54.25 – 59.25	51.25 – 56.25	58.50 – 63.50
Royalties	$/boe	11.55	6.50 – 7.00	6.75 – 8.25	5.90 – 7.40	7.50 – 9.00
Operating Expenses	$/boe	13.16	14.50 – 15.50	12.50 – 15.50	12.75 – 15.75	11.00 – 14.00
Transportation	$/boe	1.18	0.90 – 1.05	0.90 – 1.15	0.85 – 1.10	1.00 – 1.25
Interest	$/boe	1.49	1.50 – 1.70	1.00 – 1.50	1.50 – 2.00	0.00 – 0.10
General and Administrative	$/boe	2.86	3.00 – 3.30	2.60 – 3.30	2.50 – 3.25	2.15 – 2.85
Hedging loss (gain)	$/boe	1.97	(1.00) – (1.25)	(0.75) – (1.25)	0.00 – 0.15	–
Decommissioning Expenditures	$ millions	$3.0	$3.5 – $4.0	$3.5 – $4.0	$4.0 – $4.5	$5.0 – $5.5
Adjusted Funds Flow	$ millions	$131	$91 – $93	$103 – $108	$89 – $96	$138 – $150
Dividends	$ millions	$3	$16	$15 – $16	$16 – $17	$15 – $16

		Actuals FY 2022	Updated Guidance FY 2023(7)	Previous Guidance FY 2023(2)	Guidance FY 2024	Preliminary Plan FY 2024(3)
Adjusted Funds Flow	$ millions	$131	$91 – $93	$103 – $108	$89 – $96	$138 – $150
Capital Expenditures	$ millions	$77.6	$84.5	$83	$64 – $67	$76 – $81
Free Adjusted Funds Flow	$ millions	$53	$6 – $8	$20 – $25	$22 – $32	$57 – $74

		Actuals FY 2022	Updated Guidance FY 2023(7)	Previous Guidance FY 2023(1)	Guidance FY 2024	Preliminary Plan FY 2024(3)
Revenue	$/boe	71.79	54.00 – 55.00	54.25 – 59.25	51.25 – 56.25	58.50 – 63.50
Royalties	$/boe	11.55	6.50 – 7.00	6.75 – 8.25	5.90 – 7.40	7.50 – 9.00
Operating Expenses	$/boe	13.16	14.50 – 15.50	12.50 – 15.50	12.75 – 15.75	11.00 – 14.00
Transportation	$/boe	1.18	0.90 – 1.05	0.90 – 1.15	0.85 – 1.10	1.00 – 1.25
Operating Netback	$/boe	45.90	31.00 – 32.00	32.00 – 37.00	29.50 – 34.50	36.50 – 41.50
Operating Income Profit Margin		64%	58%	61%	59%	64%

		Actuals FY 2022	Updated Guidance FY 2023(7)	Previous Guidance FY 2023(2)	Guidance FY 2024	Preliminary Plan FY 2024(2)
Adjusted Funds Flow	$ millions	$131	$91 – $93	$103 – $108	$89 – $96	$138 – $150
Interest	$/boe	1.49	1.50 – 1.70	1.00 – 1.50	1.50 – 2.00	0.00 – 0.10
EBITDA	$ millions	$136	$97 – $99	$108 – $113	$95 – $102	$138 – $150
Net Debt	$ millions	($33)	($47) – ($45)	($35) – ($30)	($44) – ($37)	$2 – $14
Net Debt/EBITDA		0.2	0.5	0.2 – 0.3	0.4 – 0.5	(0.0) – (0.1)

		Actuals FY 2022	Updated Guidance FY 2023(7)	Previous Guidance FY 2023(2)
Production	Boe/d	9,105	9,000 – 9,100	9,100 – 9,500
Opening Net Debt	$ millions	($80.2)	($33)	($33)
Ending Net Debt	$ millions	($33)	($47) – ($45)	($35) – ($30)
Weighted avg. outstanding shares	# millions	86.9	89.1	88.7
Assumed Share price	$	3.39(5)	2.65(5)	2.75
Prod. per debt adj. share growth(4)(8)		51%	(7%) – (9%)	(3%) – 3%

- The change in production per debt adjusted share growth between previous and updated guidance is primarily due to 2023 production being impacted by approximately 650 boe/d as a result of curtailments, Alberta wildfires, natural gas facility startup delays as discussed in the body of this press release.

		Actuals FY 2022	Updated Guidance FY 2023[7]	Previous Guidance FY 2023[2]
Share outstanding, end of year	# millions	87.0	91.1	89.4
Assumed Share price	$	3.03[6]	2.21[6]	2.75
Market capitalization	$ millions	$263	$201	$246
Net Debt	$ millions	($33)	($47) – ($45)	($35) – ($30)
Enterprise value	$millions	$296	$246 – $248	$276 – $281
Adjusted Funds Flow	$ millions	$131	$91 – $93	$103 – $108
Interest	$/boe	1.49	1.50 – 1.70	1.00 – 1.50
Debt Adjusted AFF	$ millions	$136	$97 – $99	$108 – $113
EV/DAAFF[8]		2.2	2.6 – 2.5	2.7 – 2.5

(1) As previously released August 14, 2023.

(2) As previously released November 9, 2023.

(3) As previously released January 18, 2023.

(4) Production per debt adjusted share is calculated by the Company as production divided by debt adjusted shares. Debt adjusted shares is calculated by the Company as common shares outstanding plus the change in net debt divided by the Company's current trading price on the TSX, converting net debt to equity. Future share prices are assumed to be consistent with the current share price.

(5) Weighted average share price throughout 2022 and 2023.

(6) Ending share price at December 31, 2022 and December 31, 2023.

(7) The change in the 2023 forecasted results from prior guidance results from an increase in capital expenditures and decrease in adjusted funds flow as a result of a reduction to production, a higher natural gas weighting of total production and lower AECO natural gas prices than previously forecasted.

(8) The Company has withdrawn its 2024 and 2025 production per debt adjusted share and EV/DAAFF forecast for 2024 and 2025. The Company believes that these metrics can be quite variable and hard to reasonably estimate given the volatility in the Company's share price, which is a material assumption used in the calculation of these metrics.

(9) Continued commodity price volatility and current weak industry sentiment has resulted in the Company taking a conservative and disciplined approach to capital allocation in 2024 and future years. Preliminary estimates and plans for 2025 and beyond will be dependent on the stability of commodity prices and industry sentiment balancing manageable growth and ensuring the long term sustainability of our return of capital to shareholder strategy. As a result, the Company withdraws its preliminary estimates and plans for 2025.

- See "Production Breakdown by Product Type" below
- Quality and pipeline transmission adjustments may impact realized oil prices in addition to the MSW Differential provided above
- Changes in working capital are not assumed to have a material impact between the years presented above.

Production Breakdown by Product Type

Disclosure of production on a per boe basis in this press release consists of the constituent product types as defined in NI 51-101 and their respective quantities disclosed in the table below:

	Light and Medium Crude oil (bbls/d)	**NGLs (boe/d)**	**Conventional Natural gas (Mcf/d)**	**Total (boe/d)**
2022 Average Production	3,766	1,402	23,623	9,105
2023 Updated Annual Guidance	3,840	1,390	22,920	9,050[1]
2023 Previous Annual Guidance	4,105	1,332	23,175	9,300[2]
2024 Annual Guidance	4,090	1,395	22,590	9,250[3]
2024 Annual Preliminary Plan	4,655	1,565	27,180	10,750[4]

Notes:

1. *This reflects the mid-point of the Company's 2023 updated production guidance range of 9,000 to 9,100 boe/d.*
2. *This reflects the mid-point of the Company's 2023 previous production guidance range of 9,100 to 9,500 boe/d.*
3. *This reflects the mid-point of the Company's 2024 production guidance range of 9,000 to 9,500 boe/d.*
4. *This reflects the midpoint of the Company's annual production previous preliminary estimate range.*
5. *With respect to forward-looking production guidance, product type breakdown is based upon management's expectations based on reasonable assumptions but are subject to variability based on actual well results.*

References to crude oil, light oil, NGLs or natural gas production in this press release refer to the light and medium crude oil, natural gas liquids and conventional natural gas product types, respectively, as defined in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

BOE Equivalent

Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.

Initial Production Rates

References in this press release to IP rates, other short-term production rates or initial performance measures relating to new wells are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Accordingly, the Company cautions that the test results should be considered to be preliminary.